

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01
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SUBJECT: OIL EXPLORATION DEVELOPMENTS

REF: (A) ATHENS 5210, (B) ATHENS 4176, (C) ATHENS A-10, (D)
ATHENS 8741

1. DURING CALL ON PUBLIC PETROLEUM CORPORATION (DEP) MANAGING
DIRECTOR PROFESSOR K. ZACHOS (REF D) EMBASSY REPS ELICITED
THE FOLLOWING INFORMATION ON ISSUES PERTAINING TO OIL EXPLORA-
TION AND DEVELOPMENT IN GREECE:

(A) TEXTS OF PRESIDENTIAL DECREES STIPULATING THE PROVI-
SIONS OF MODEL PROFIT-SHARING AND LEASE CONTRACTS, ISSUANCE
OF WHICH IS PROVIDED UNDER GREECE'S NEW OIL EXPLORATION AND
DEVELOPMENT LAW 468/76, ARE AWAITING SIGNATURE BY THE MINISTERS
OF COORDINATION, FINANCE, AND INDUSTRY AND ENERGY AND WILL
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SOON BECOME EFFECTIVE, WITHOUT PRIOR PARLIAMENTARY APPROVAL,
UPON PUBLICATION IN THE GOVERNMENT GAZETTE.

(B) ENACTMENT OF FOREGOING DECREASES WILL ENABLE THE
GOVERNMENT TO NEGOTIATE OIL EXPLORATION AND DEVELOPMENT AGREE-
MENTS WITH FOREIGN FIRMS AND AWARD CONTRACTS EITHER THROUGH
INTERNATIONAL TENDERS OR BY DIRECT INVITATION TO SELECTED

FIRMS. IT WILL ALSO MAKE POSSIBLE REVISION OF FOUR OIL EXPLORATION AND DEVELOPMENT CONTRACTS IN EFFECT SIGNED WITH U.S. FIRMS DURING THE JUNTA PERIOD. REVISION OF THESE CONTRACTS WHICH ARE BEING HELD BY AN-CAR OIL, CO., INC. OF BOSTON (TWO CONTRACTS), L.V.O. OF TULSA, AND SERRES SHIPPING INC. OF NEW YORK, HAS BEEN PENDING SINCE NOVEMBER 1975.

(C) PREPARATION OF A FULL ENGLISH TRANSLATION OF LAW 468/76 BY DEP IS NEARING COMPLETION AND WILL BECOME AVAILABLE WITHIN THE NEXT 20-30 DAYS. DEP'S TRANSLATION WILL CONSTITUTE THE SOLE OFFICIAL ENGLISH TEXT OF LAW 468.

(D) IMPLEMENTATION OF THE TWO SEISMIC AND GEOPHYSICAL RESEARCH CONTRACTS SIGNED LATE IN MAY 1977 BETWEEN DEP AND THE U.S. FIRM GEOPHYSICAL SERVICE INC. (GSI) AND THE FRENCH FIRM COMPAGNIE GENERAL DE GEOPHYSIQUE (CGG), RESPECTIVELY, STARTED IN MID-JULY 1977 AND WILL BE COMPLETED BY MARCH 1978. RESEARCH WILL ENCOMPASS THE IONIAN SEA, THE PREVEZA AREA, AND THE CORINTHIAKOS, PATRAIKOS AND KYPARISSIAKOS GULFS. RESEARCH, ONSHORE AND OFFSHORE, PROVIDED UNDER THESE CONTRACTS IS DESIGNED TO GENERATE FACTUAL DATA ON POTENTIAL OIL-BEARING GEOLOGICAL STRUCTURES IN VIEW OF THE GROWING INTEREST FOR OIL EXPLORATION IN THESE AREAS.

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(3) DEP HAS COMPLETED GEOPHYSICAL SURVEY OF THE XANTHI-KOMOTINI AREA IN WESTERN THRACE AND BY OCTOBER 1, 1977 WILL COMPLETE THE NECESSARY INFRASTRUCTURE WORK FOR A 2,500-METER EXPLORATORY DRILLING ASSIGNED TO THE ROMANIAN ROMPETROL AGENCY AND SCHEDULED TO START EARLY NEXT MONTH. DEP IS ALSO CURRENTLY CONDUCTING SEISMIC RESEARCH WORK IN THE PHILIPPOI PLAIN, NEAR KAVALLA, AND STRATIGRAPHIC SURVEYING IN THE STRYMON RIVER VALLEY, SERRES AREA.

(F) DEP, IN ASSOCIATION WITH ITS CONSULTANT THE FRENCH INSTITUT FRANCAIS DU PETROLE, IS PRESENTLY EVALUATING THE FINDINGS OF THE TWO ONSHORE 3,500-METER "NESTOS I" AND "NESTOS II" DRILLINGS CONDUCTED BY ROMPETROL IN THE NESTOS DELTA, IN CONJUNCTION WITH EARLIER SEISMIC STUDIES BY ROGERS EXPLORATION COMPANY OF HOUSTON IN THE SAME AREA. DEP WILL SOON START SUPPLEMENTARY GEOPHYSICAL WORK IN NESTOS DELTA TO DETERMINE THE SITE OF "NESTOS III" DRILLING TO BE CARRIED OUT BY ROMPETROL. THE NEW DRILLING IS DESIGNED TO VERIFY THE EXISTENCE AND DETERMINE THE QUANTITY AND QUALITY OF NATURAL GAS DISCOVERED IN THE COURSE OF THE FIRST TWO DRILLINGS.

2. PROFESSOR ZACHOS TOLD US THAT DEP IS SATISFIED WITH ROMPETROL'S EFFICIENCY IN ONSHORE DRILLINGS. HE, HOWEVER, POINTED OUT THAT SMOOTH IMPLEMENTATION OF THE DEP-ROMPETROL CONTRACT HAS BEEN HAMPERED BY THE POOR QUALITY OF SOME OF THE EQUIPMENT USED BY THE ROMANIANS AND BY ROMANIAN BUREAUCRATIC DELAYS. DEP, ZACHOS SAID, HAD TO PURCHASE EXPENSIVE U.S.-MANUFACTURED DRILLING BITS TO DO THE JOB AT NESTOS. THE HIGH COST OF U.S. EQUIPMENT, ZACHOS POINTED OUT, HAS BEEN COUNTERBALANCED BY ITS TECHNOLOGICAL SUPERIORITY AND PERFORMANCE.

3. PROFESSOR ZACHOS STRESSED THE IMPORTANCE OF GRADUALLY BUILDING UP LOCAL EXPERTISE IN THE PETROLEUM SECTOR. THIS HAS BEEN ONE OF DEP'S PRIORITY TARGETS, HE SAID. PRESENTLY, LIMITED OFFICIAL USE

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TWO DEP STAFF MEMBERS ARE RECEIVING TRAINING BY MOBIL OIL IN THE UNITED STATES AND ANOTHER TWO ARE BEING TRAINED BY SHELL IN ENGLAND. IN BOTH CASES TRAINING IS OFFERED BY THE TWO OIL COMPANIES FREE OF CHARGE. ANOTHER TEN DEP STAFF MEMBERS--JUNIOR SCIENTISTS WHO HAVE RECENTLY GRADUATED FROM THE NATIONAL POLYTECHNIC UNIVERSITY--ARE CURRENTLY ATTENDING COURSES IN OIL ENGINEERING IN FRANCE (6) AND ENGLAND (4).

MILLS

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